

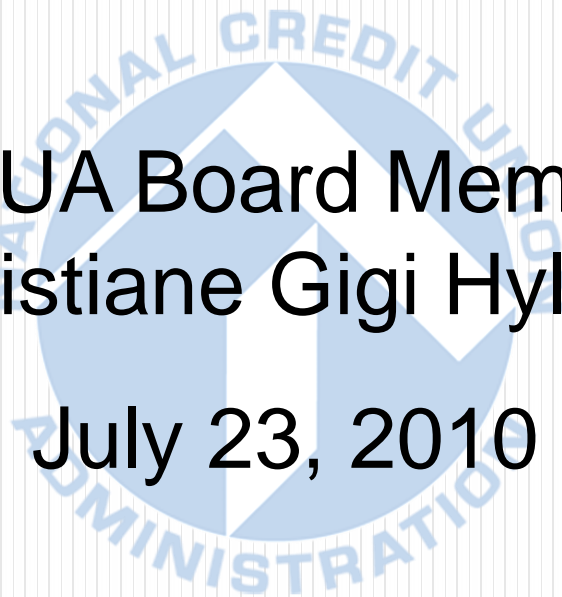
NCUA UPDATE

NAFCU 43rd Annual Meeting

Chicago, IL

NCUA Board Member
Christiane Gigi Hyland

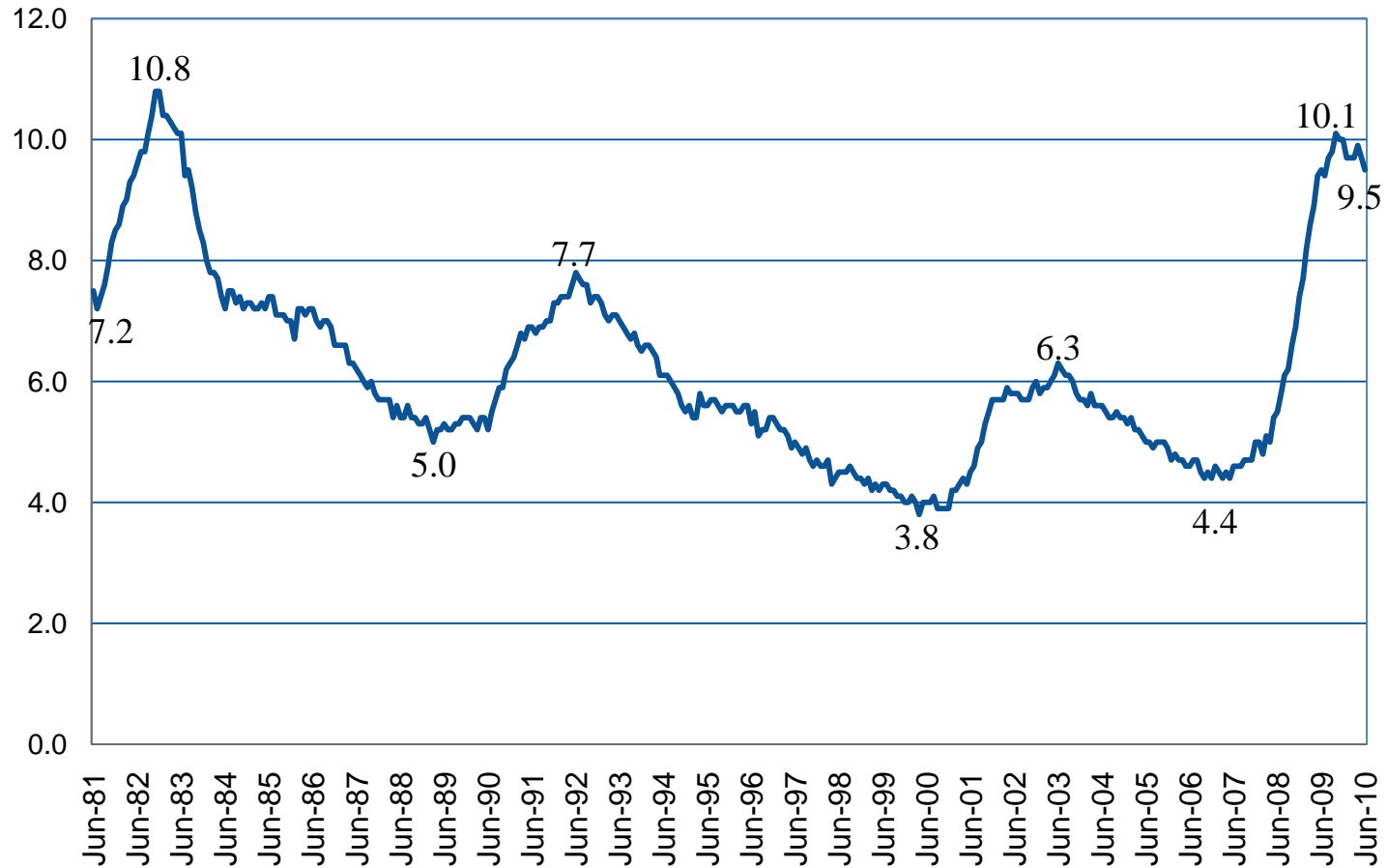
July 23, 2010





ECONOMY

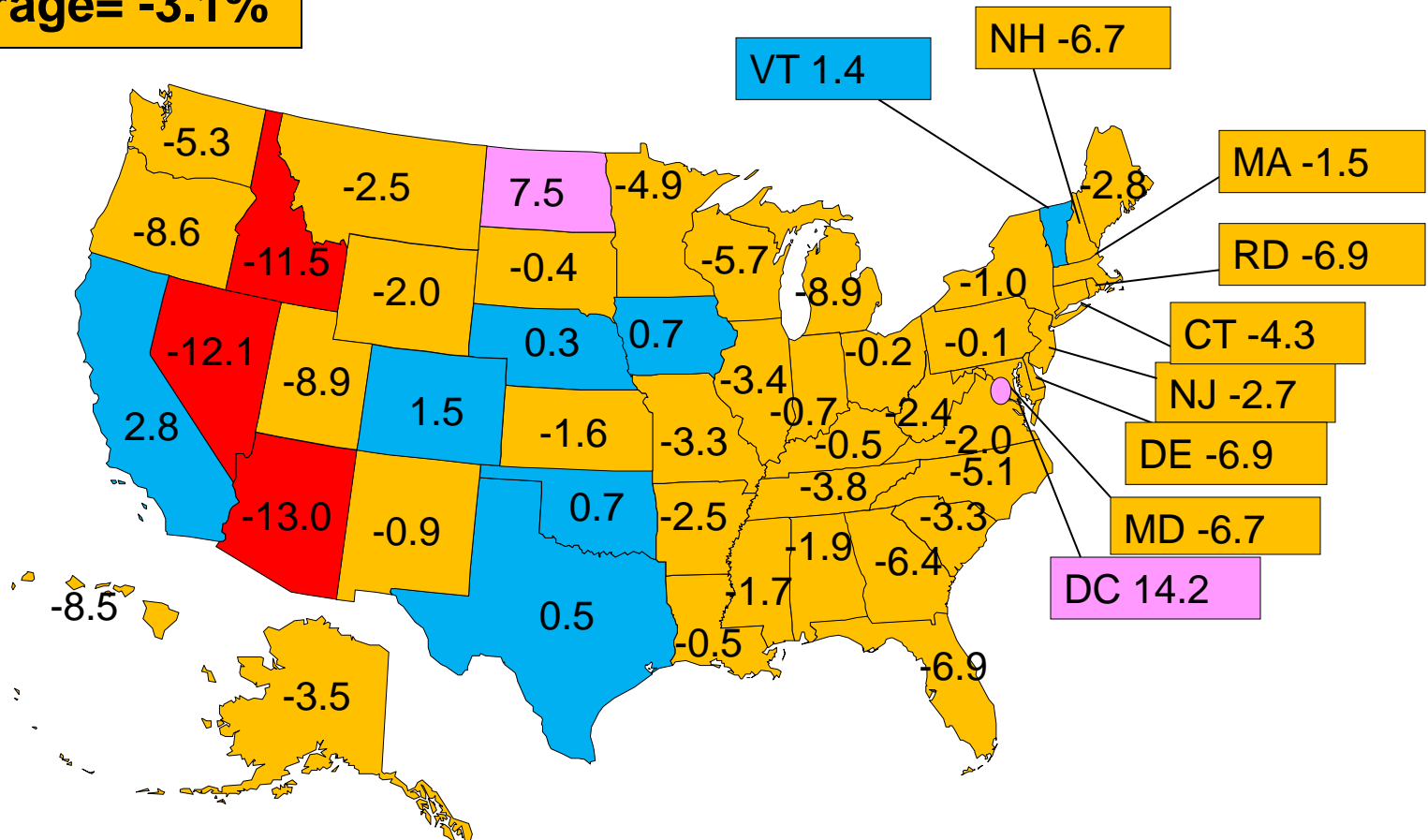
Unemployment Rate



Housing Market

2009Q1 to 2010Q1, % change in average price of existing single-family homes

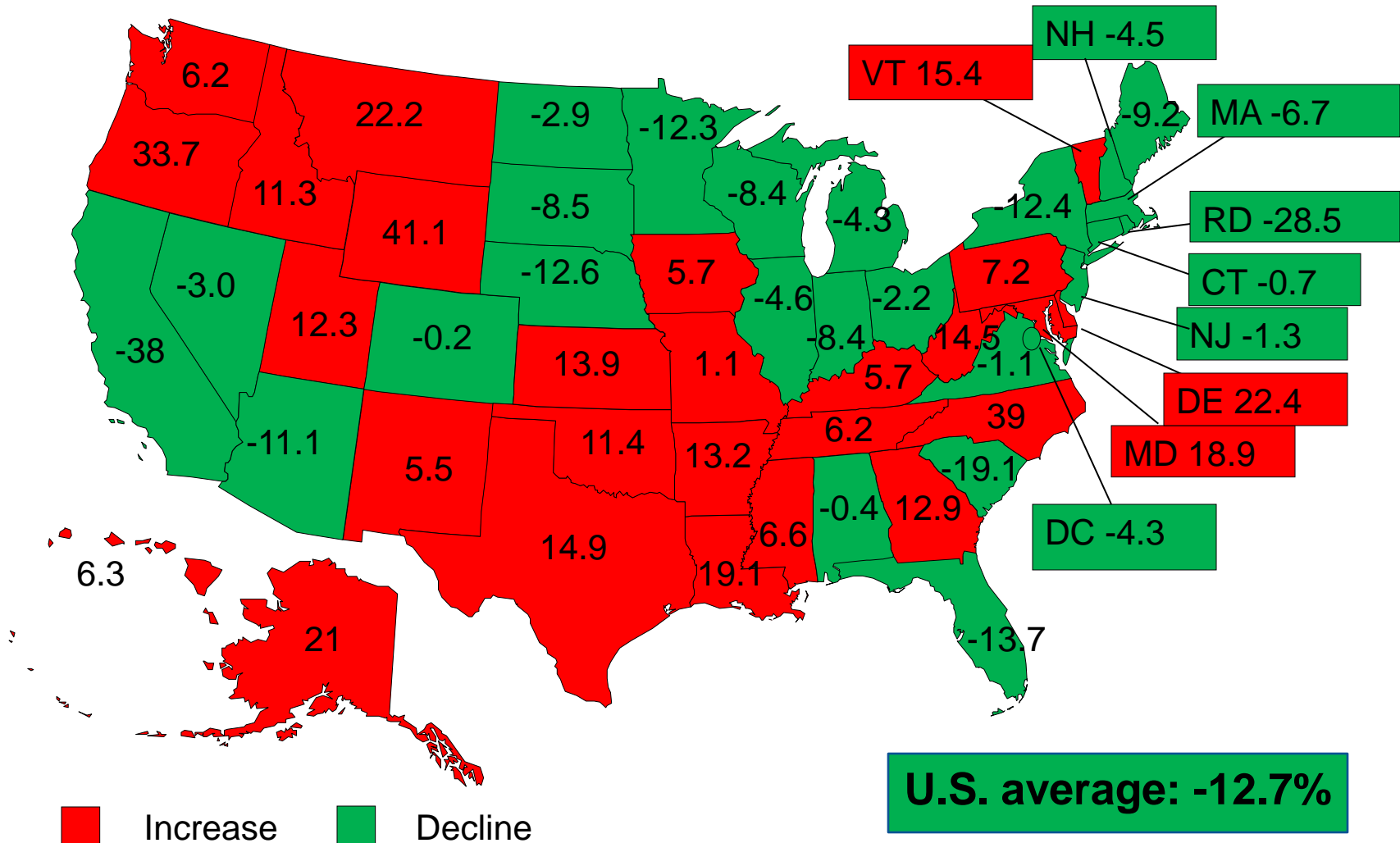
U.S. average= -3.1%



■ -15% to -10%
 ■ -9.9% to 0.0%
 ■ 0.1% to 5.0%
 ■ 5.1% to 15%

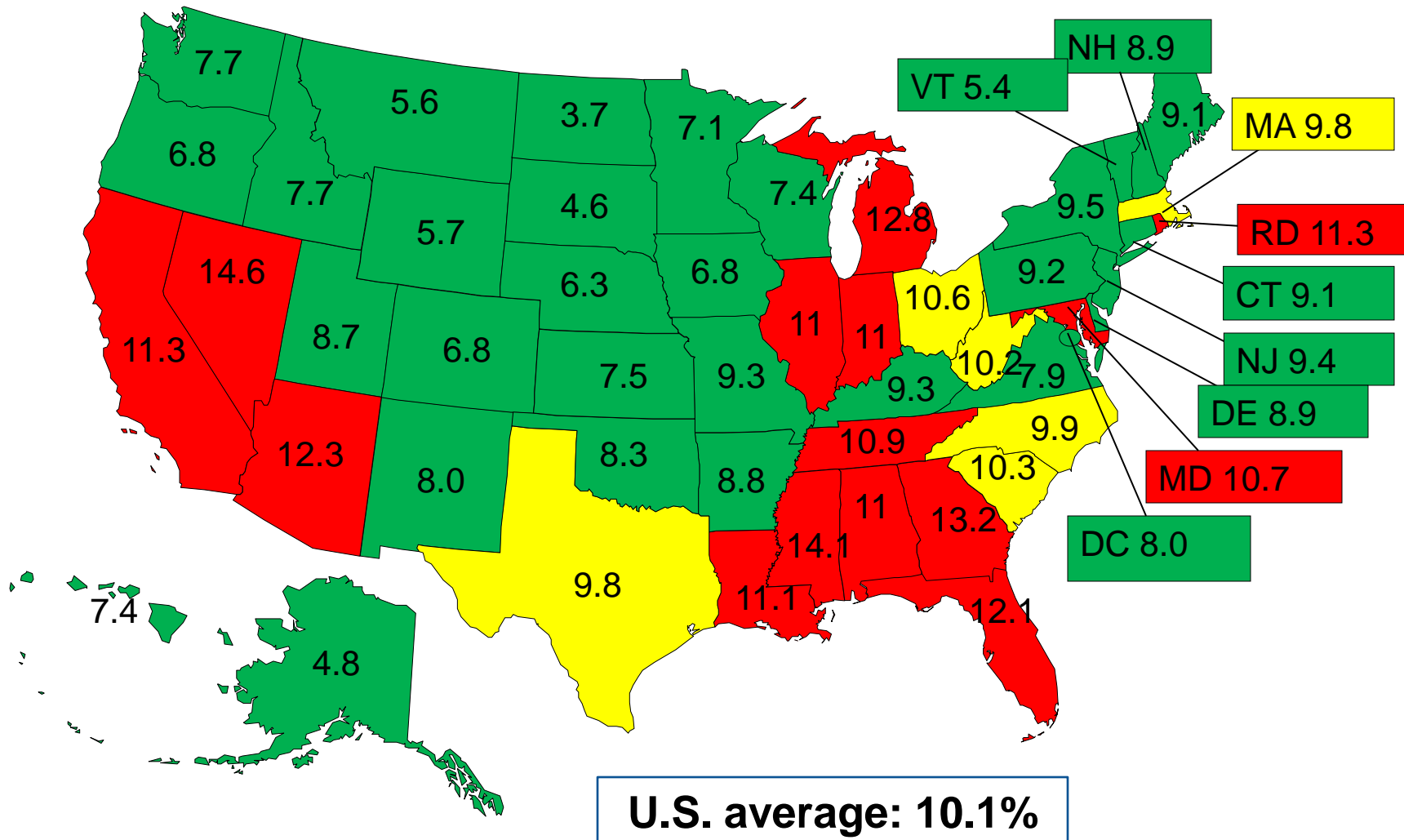
Foreclosures Trend

Foreclosures started during quarter, % change 2009Q1-2010Q1



Households are Under Stress

% of number of all mortgage loans 30+ days delinquent, 2010Q1



Comparing to national average:



worse



at or near

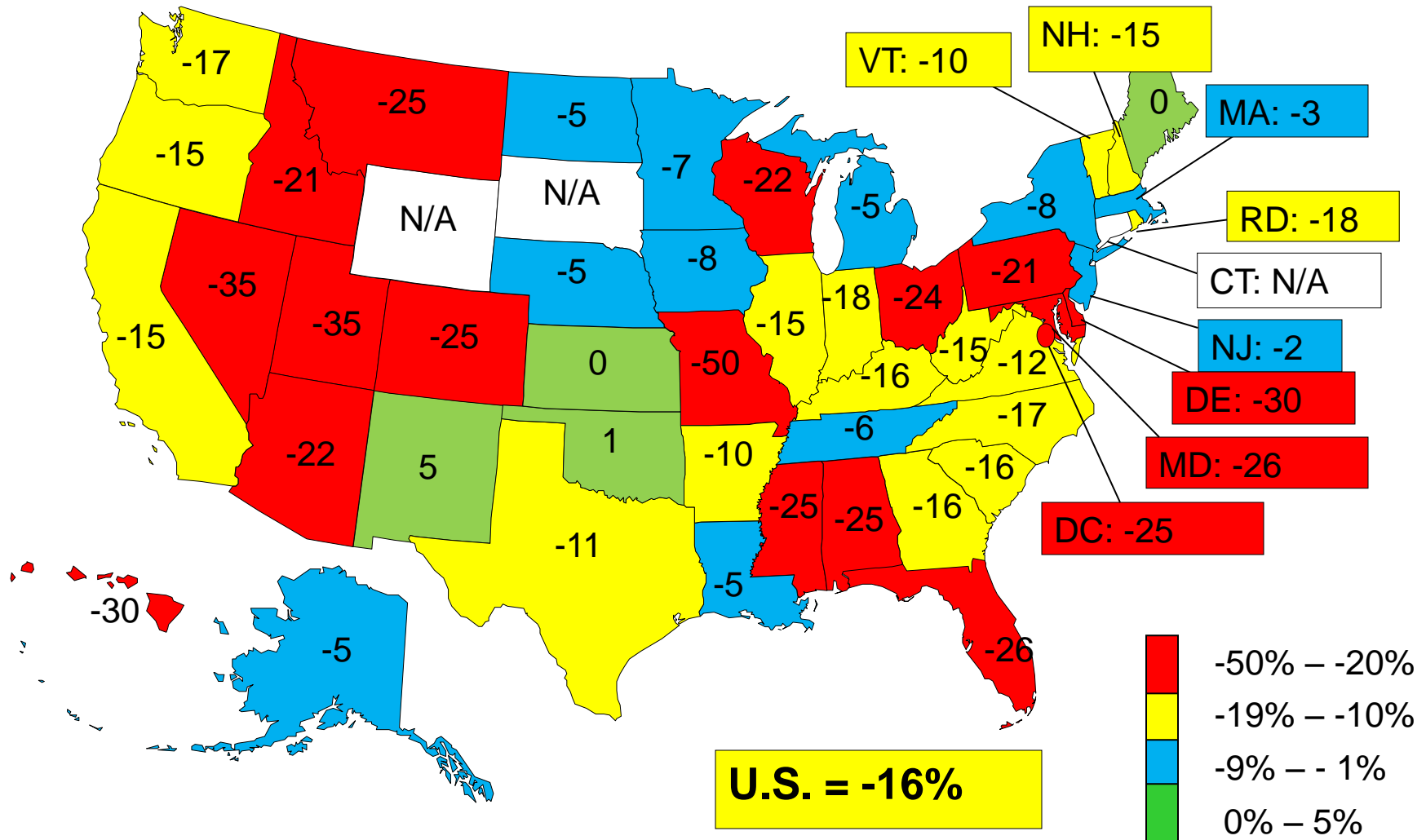


better

Commercial RE Sales Price Trends



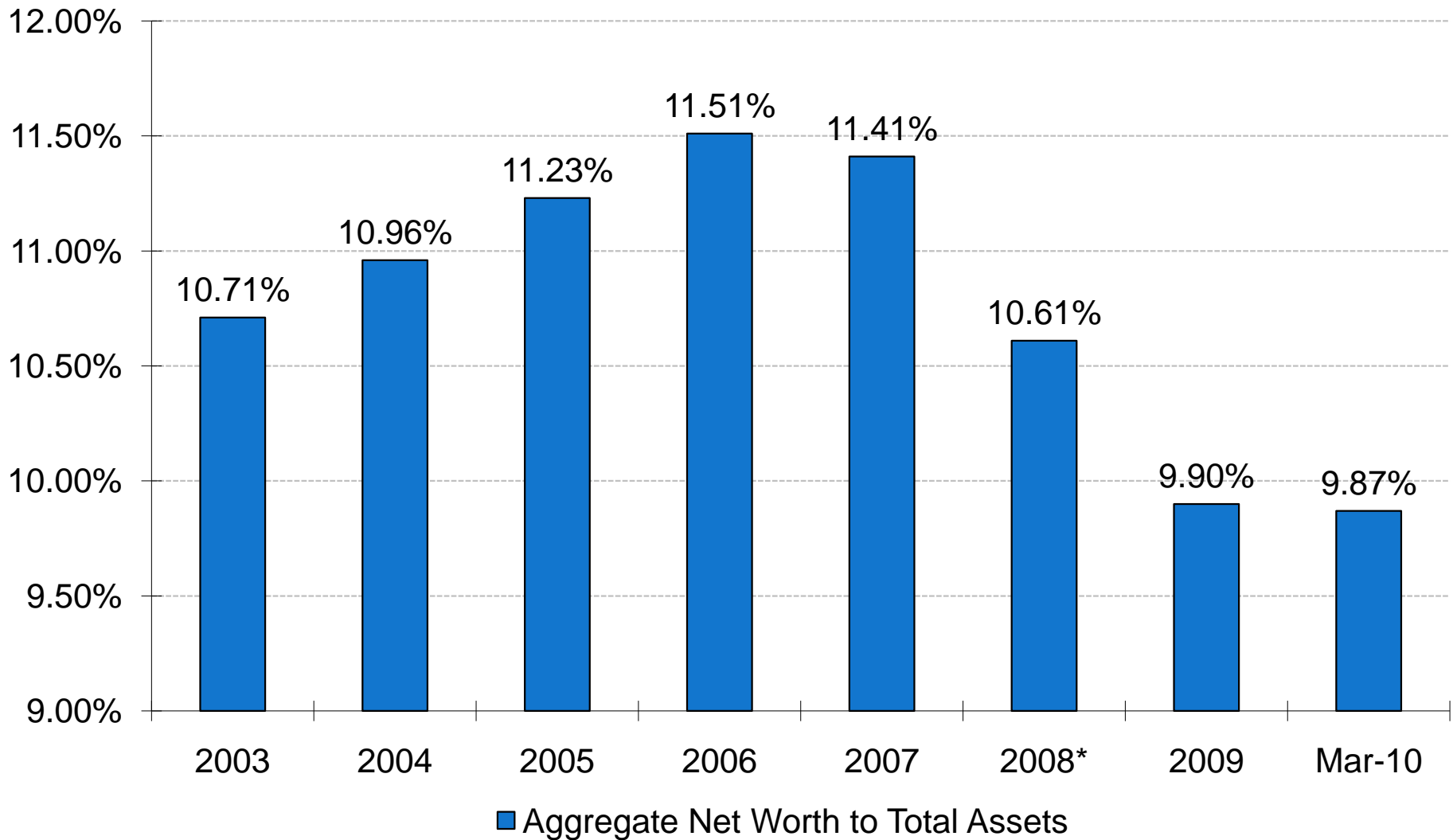
Based on level of commercial transactions in 2010Q1, Y/Y price change





CREDIT UNION TRENDS

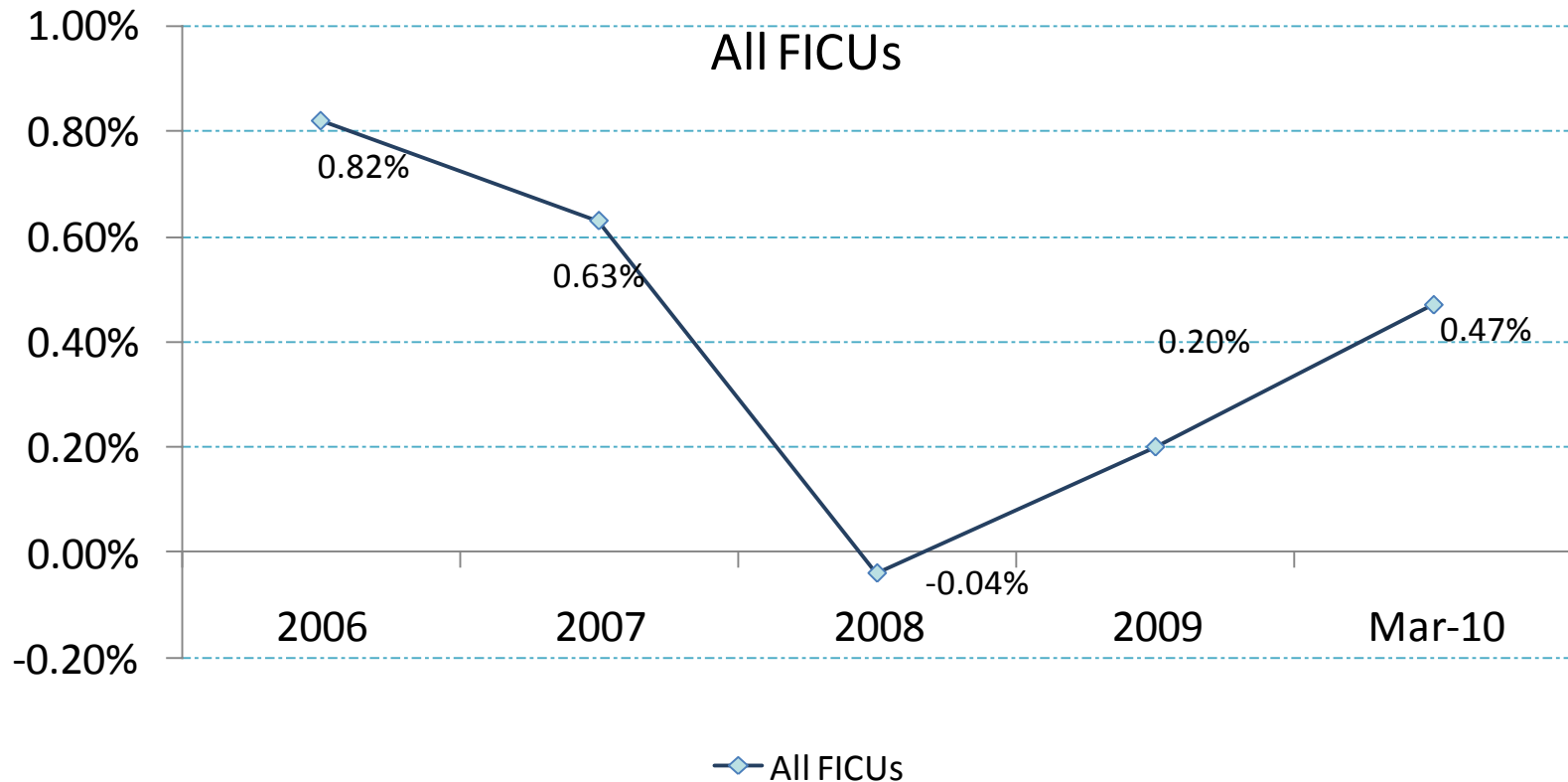
Net Worth Ratio



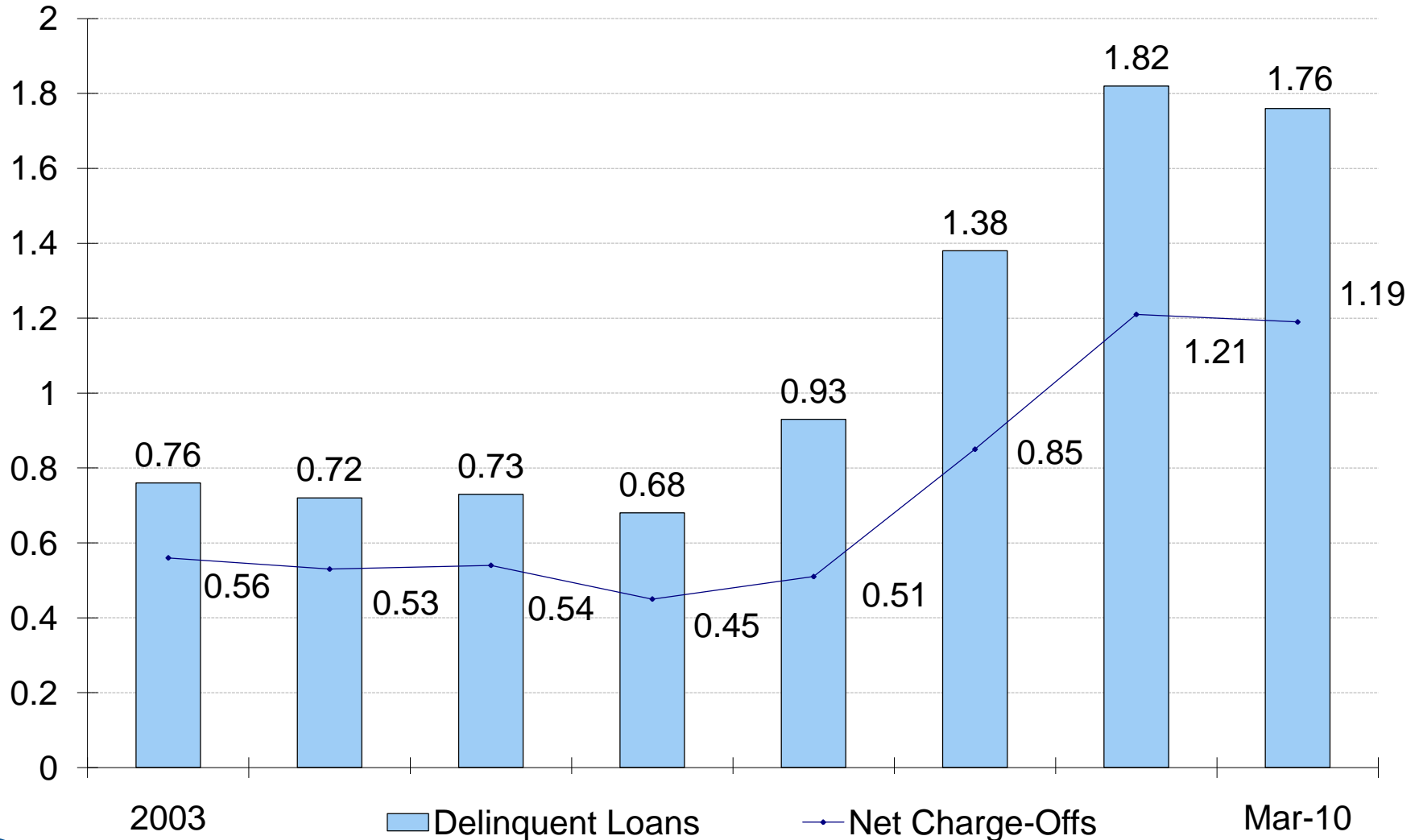
Supplemental Capital

- Launched an initiative in December 2008 after conversations with state regulators.
- Formed an internal working group at NCUA that researched and reviewed a variety of issues around supplemental capital including consumer protection, mutuality and safety and soundness.
- Issued the Supplemental Capital White Paper on April 12, 2010 and it is available for viewing and downloading on the www.ncua.gov.

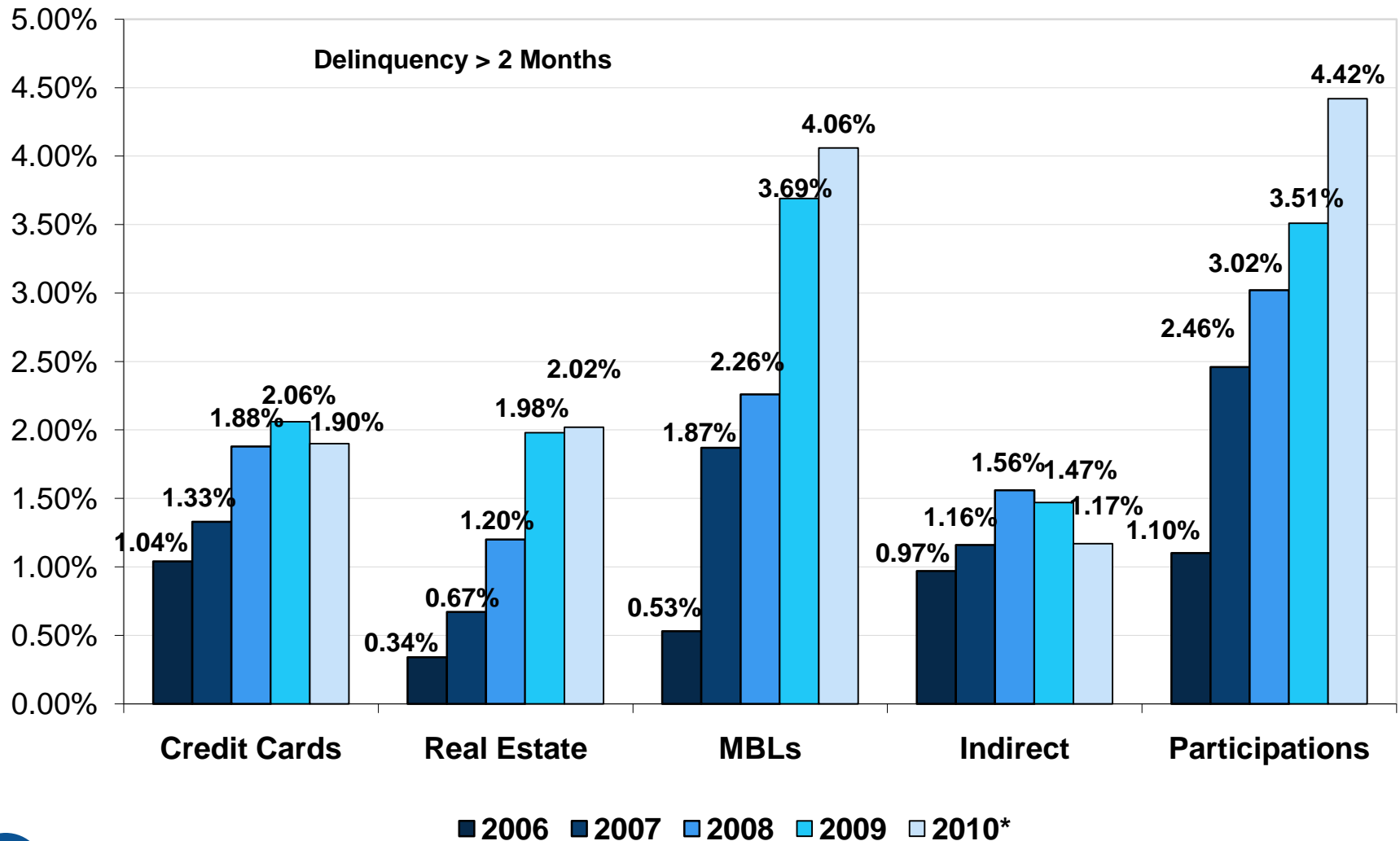
Return on Average Assets (ROA)



Delinquency & Charge-Offs



Delinquency by Type

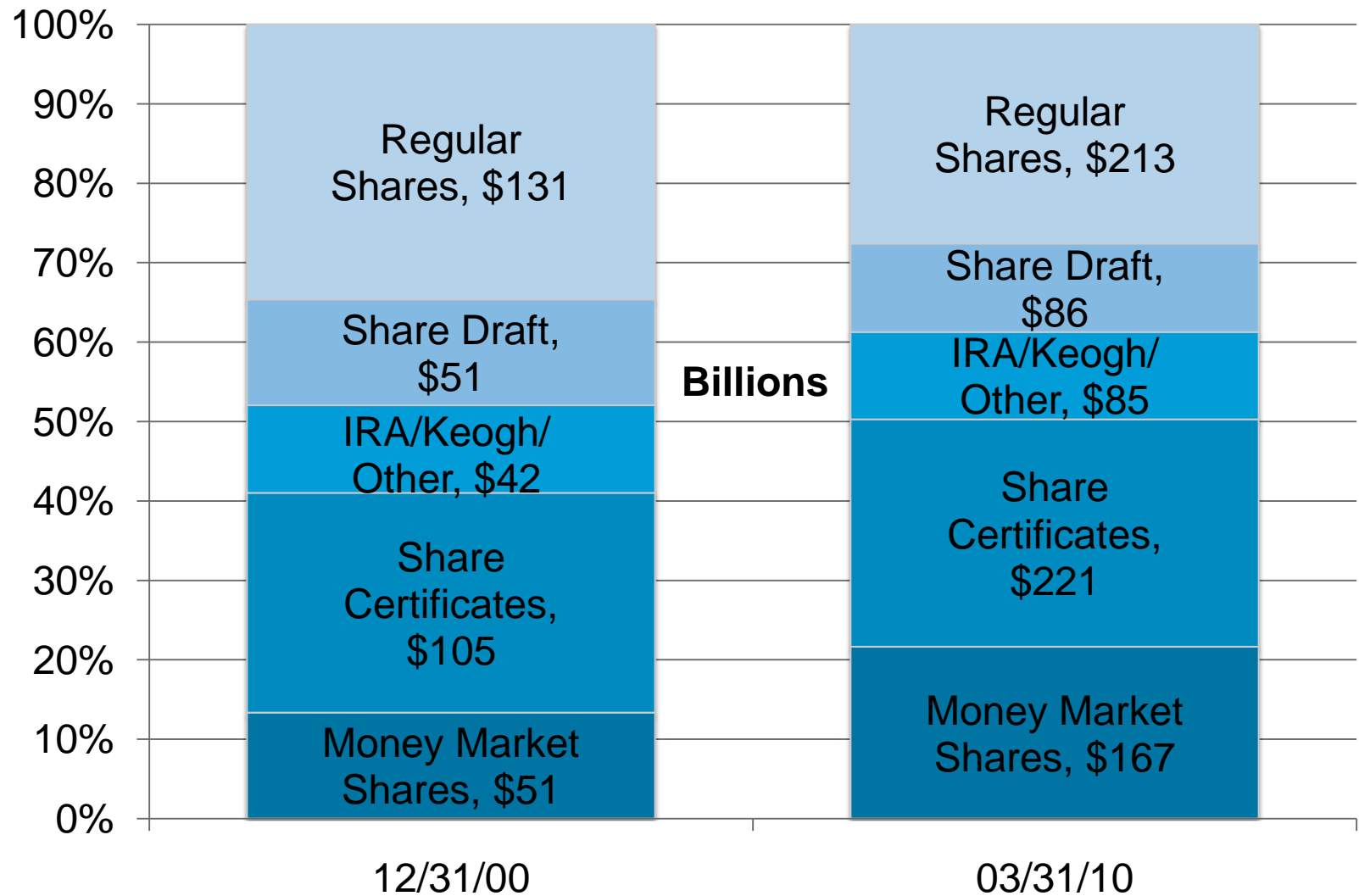


*Based on March 2010 data

2000-2010 Comparison - FICUs

| | December 2000 | December 2009 | March 2010 |
|--|--------------------------|--------------------------|------------------------|
| Number of FICUs | 10,316 | 7,554 | 7,498 |
| Total Assets | \$438.2 billion | \$884.8 billion | \$897.6 billion |
| Total Shares | \$379.2 billion | \$752.7 billion | \$773.2 billion |
| Total Loans | \$301.3 billion | \$572.4 billion | \$565.7 billion |
| Average Asset Size | \$42.5 million | \$117.1 million | \$119.7 million |
| Net Worth Ratio (Aggregate) | 11.43% | 9.91% | 9.87% |

Share Composition



Changing Balance Sheet

| | 12/31/00 | 12/31/09 | 3/31/10 |
|--|---------------|-----------------|----------------|
| % Real Estate Loans to Total Loans | 38.71% | 54.07% | 54.58% |
| Net Long-Term Assets to Assets | 22.67% | 31.50% | 31.84% |
| % of Regular Shares to Total Shares | 34.28% | 26.54% | 27.56% |
| % of Fee Income to Net Income | 64.89% | 152.70%* | 155.75% |

*Net Income without stabilization expense

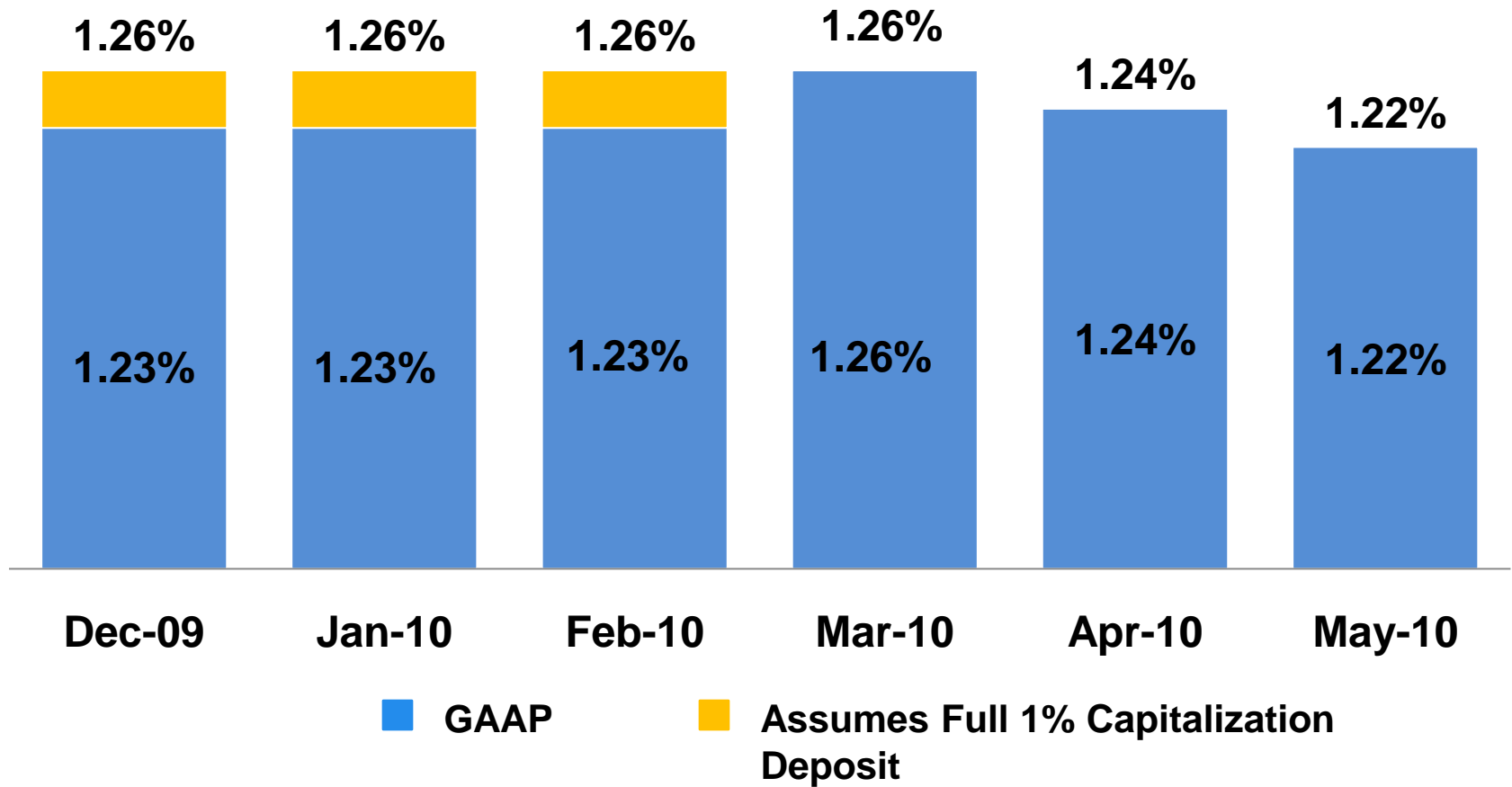
Concentration Risk in Federally Insured Credit Unions

| | Balance 3/31/10 |
|-------------------------------------|----------------------------|
| Real Estate Loans | \$308.7 billion |
| Member Business Loans (MBLs) | \$35.6 billion |
| Loan Participations | \$12.4 billion |
| Mortgage-Related Securities | \$61.3 billion |



NCUSIF

NCUSIF Equity Ratio



NCUSIF

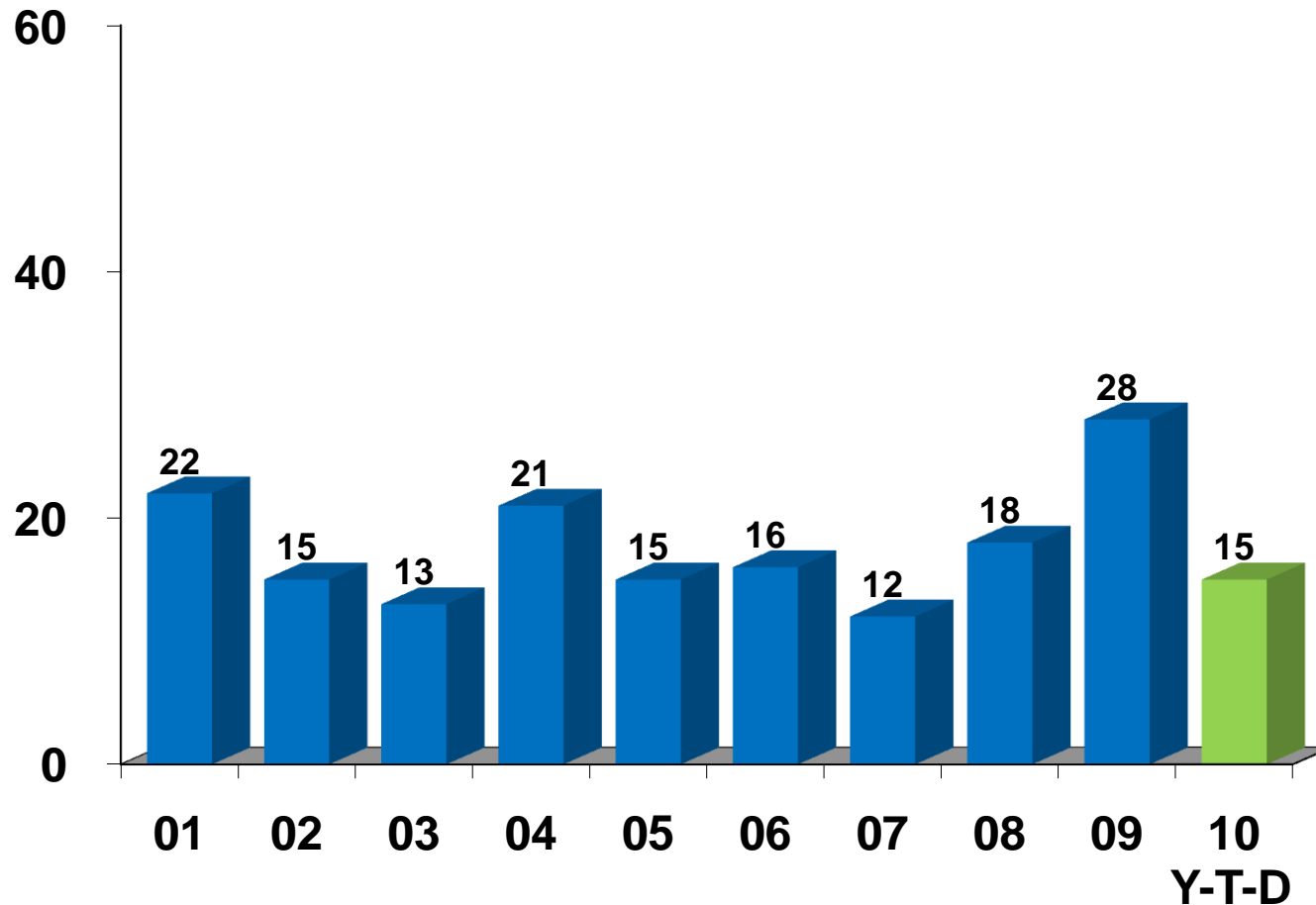
Insurance Loss Expense And Changes to the Reserves

May 31, 2010

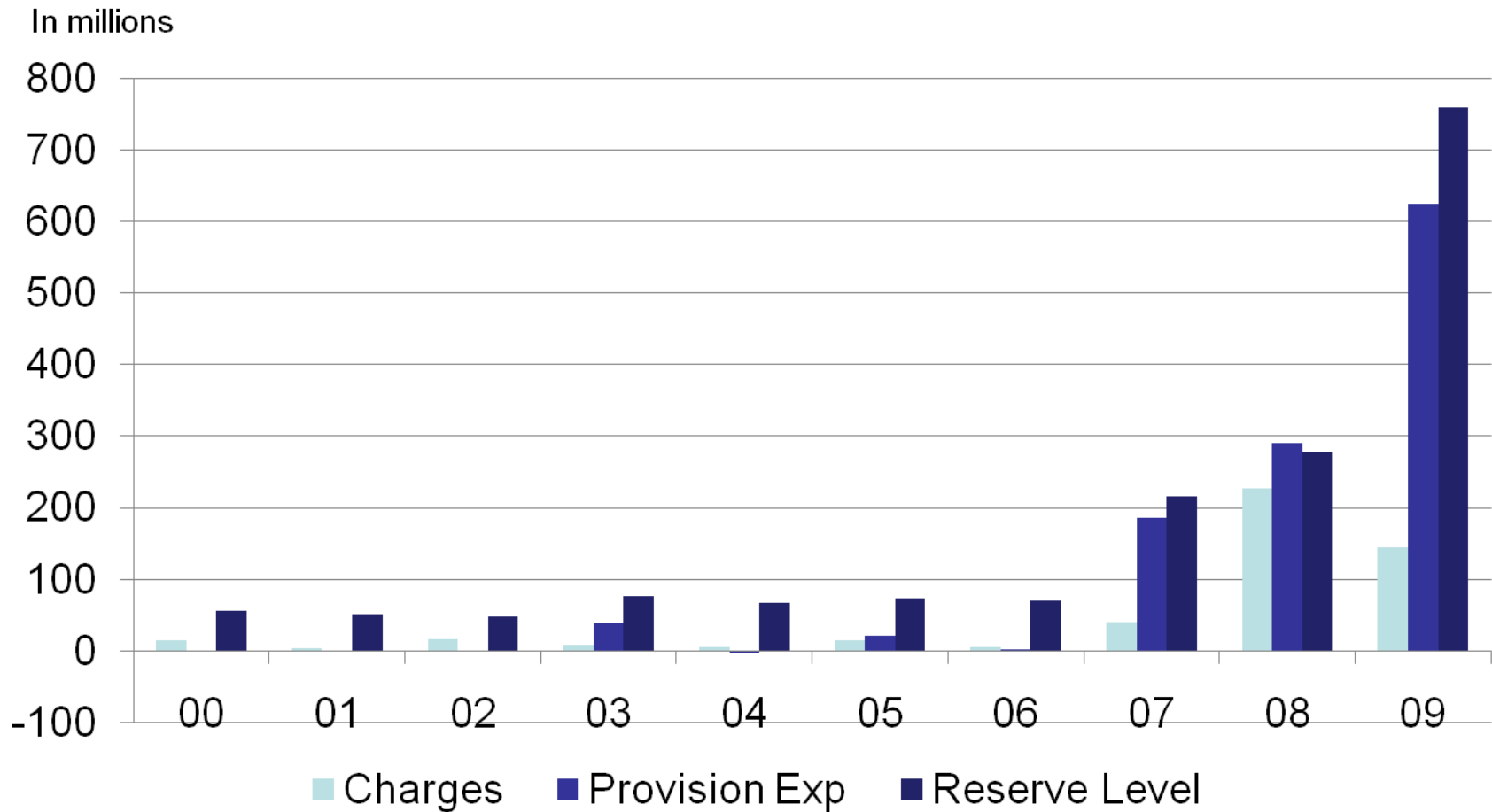
(In Millions)

| | May | Year-to-Date |
|---|----------------|----------------|
| Beginning Reserve Balance | 896.3 | 758.7 |
| Insurance Loss Expense – Natural Person CU | 132.1 | 309.5 |
| Recoveries – Natural Person CU | 44.5 | 53.1 |
| Less Charges – Natural Person CU | 6.2 | 54.6 |
| Ending Reserve Balance | 1,066.7 | 1,066.7 |

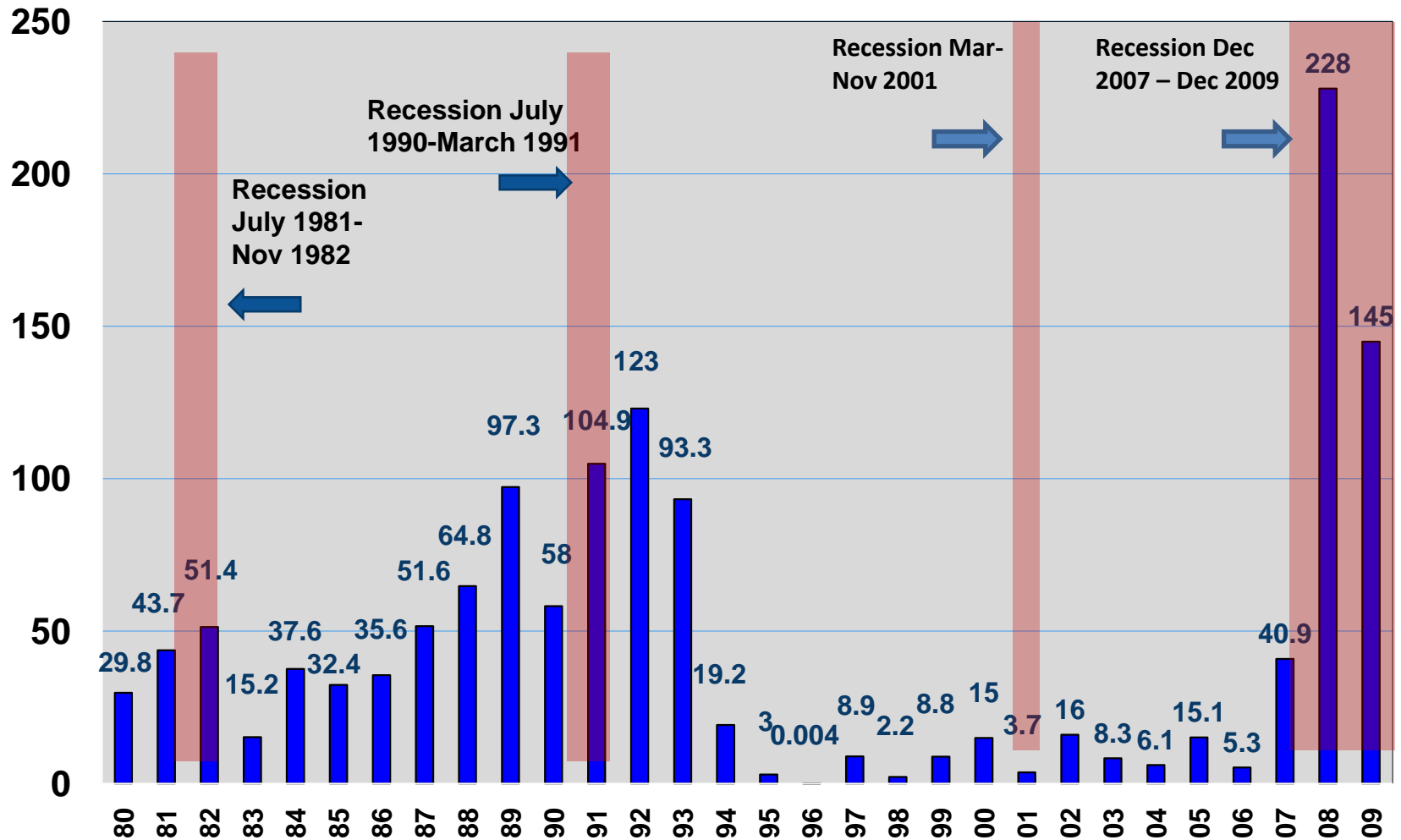
Number of Credit Union Failures FY 01 – FY 10



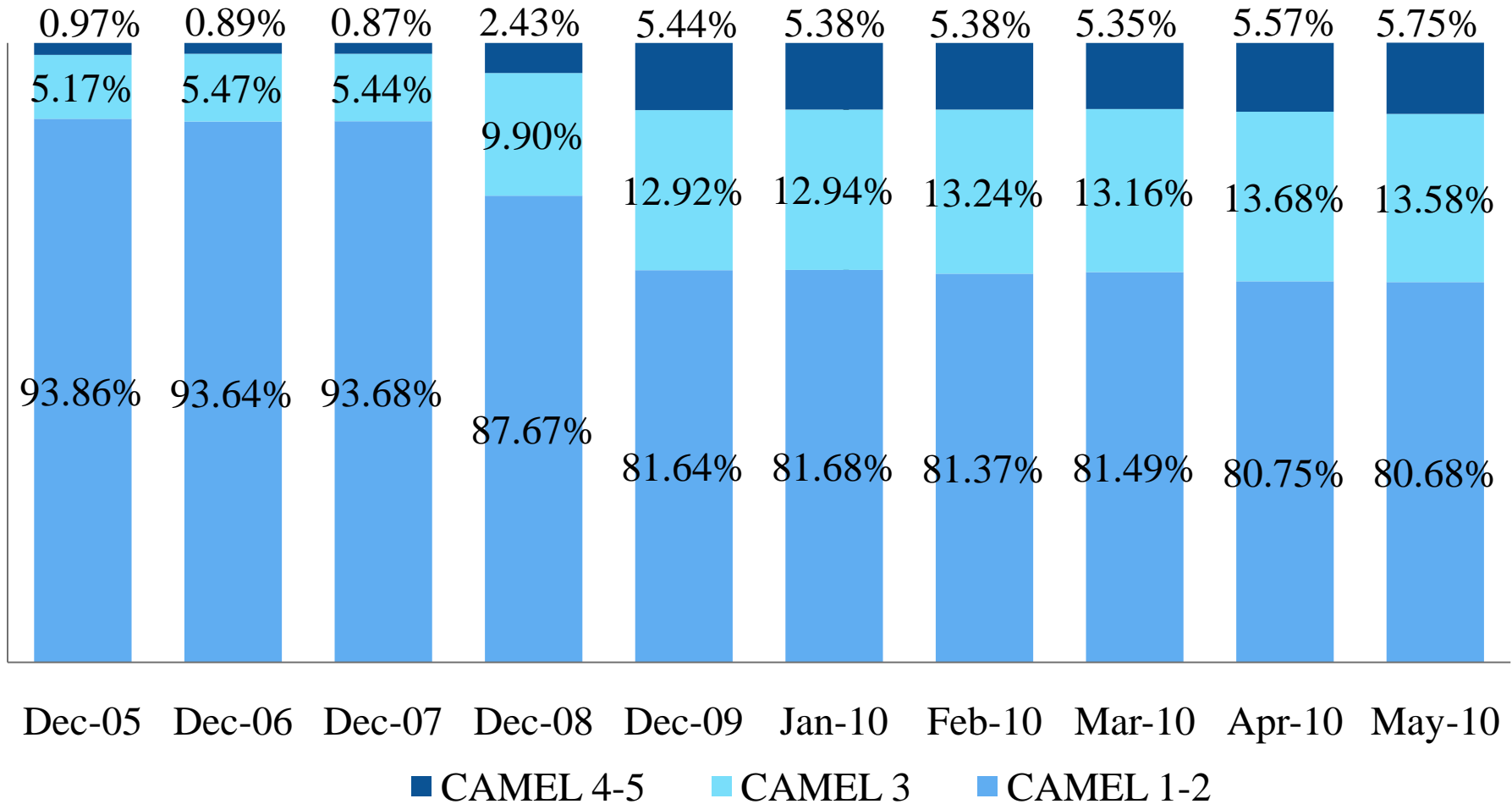
NCUSIF Charges, Provision for Loss Expenses and Reserves



History of Charges to NCUSIF Reserves



Distribution of Assets in CAMEL Codes





REGULATORY ISSUES

Current Regulatory Issues

Corporate Credit Unions

- At the June Board meeting, the NCUA Board approved a 13.4 basis point assessment on federally insured credit unions to repay the \$1.5 billion in outstanding borrowed funds in the Temporary Corporate Credit Union Stabilization Fund (Stabilization Fund) on September 30, 2010.
- Staff is working on finalizing the proposed rule based on the 800+ comment letters NCUA received.
- The agency is working to find a mechanism to address corporate “distressed assets” in a manner that is the least cost to the credit union system.

Current Regulatory Issues

NCUA Letter to Credit Unions 10-CU-11

- Provides information on NCUA's merger and purchase & assumption (P&A) process in response to the numerous inquiries and questions on the subject.
- The letter addresses several topics involving mergers and P&As including:
 - An explanation of the P&A process and the various types of mergers;
 - The criteria used to evaluate mergers and P&As;
 - The identification of merger and P&A partners; and
 - The selection of an acquirer in the limited circumstances when NCUA is involved in making the choice.

Current Regulatory Issues

Final Community Charter FOM rule approved in June

- Affects community charters and rural areas
- As a result of further deliberations and consideration of the public comments, NCUA made final amendments to:
 - the criteria required for establishing a multiple political jurisdiction as a well-defined local community; and
 - the definition of “rural district.”
- These adjustments refine NCUA’s chartering policies to balance enabling an FCU to fulfill its mission to provide reasonably priced financial services to qualifying members with NCUA’s need to comply with the statutory provisions in the FCU Act. Both adjustments will make the chartering policies more practical.

Opportunities for Credit Unions

- Reach out to everyone in the FOM
- Ensure the board, management and staff are as diverse (in age and ethnicity) as your credit union
- Educate, educate, educate
- Member business loans
- Small dollar loans



THANK YOU